

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant: KEVAN TAYLOR

International Application No.: PCT/GB94/00995

International Filing Date: 9 May 1994

Serial No.: 08/604, 975

Filed: 25 March 1996

For: LINING OF PIPELINES OR
Legal Staff International Division

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19 AUG 1997
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Legal Staff International Division

Date: August 18, 1997

Legal Staff International Division FOURTH SUPPLEMENTAL SUBMISSION IN SUPPORT OF
RENEWED PETITION UNDER 37 C.F.R. § 1.47(b)
IN RESPONSE TO DECISION ON PETITION DATED
19 FEBRUARY 1997 PURSUANT TO 37 C.F.R. § 1.47(b)

Assistant Commissioner for Patents
Box PCT
Washington, D.C. 20231

Attention: PCT Legal Office

S I R:

This Fourth Supplemental Submission In Support Of Renewed Petition is submitted to respond to the issues raised in the Decision on Petition dated 19 February 1997 and sets forth facts sufficient to satisfy the outstanding issues and granting of the Petition submitted pursuant to 37 C.F.R. §1.47(b). The response date has been extended pursuant to 37 C.F.R. §1.136(a).

The Legal Examiner found that the Rule 47(b) applicant had not satisfied three items required under 37 C.F.R. §1.47(b); namely, (2) proof that the inventor refuses to execute the application; (3) a statement of the last known address of the inventor, and (5)

proof that the 37 C.F.R. 1.47(b) applicant has sufficient proprietary interest in the application. These issues will be dealt with in the order set forth in the Decision.

a. (2) Proof That The Inventor Refuses
to Execute the Application

The inventor, Kevan Taylor has by letter dated June 13, 1997 to the undersigned attorney expressly refused to sign the application. This refusal comes after his having been provided with multiple copies of the complete application papers (specification, including claims drawings and declaration) in a letter dated 23 April 1997 which was sent to his then last known address the receipt of which he acknowledges. A copy of the 13 June 1997 letter of refusal from Mr. Taylor is annexed as Exhibit A to the Declaration of Michael I. Wolfson in Support which is annexed hereto as Exhibit 1. A copy of my April 23, 1997 letter to Mr. Taylor is annexed to The Wolfson Declaration as Exhibit B.

Mr. Taylor's letter makes reference to facts outside the record which are wholly unsupported by any evidence. It is believed these remarks are nothing more than those of a disgruntled former employee and are not entitled to any weight. They are also totally inconsistent with his signing and returning the PCT authorization to Mr. Denmark in May 1994 with the notation "Many Thanks K. Taylor."

In view of the express refusal by Mr. Taylor to sign the application papers, the Rule 47(b) applicant respectfully submits

that requirement (2) has been established. Accordingly, this ground of refusal to grant the petition should be withdrawn.

b. (3) Statement of Last Known Address of the Inventor

The accompanying Declaration of Michael I. Wolfson sets forth the present last known address of the inventor, Kevan Taylor as:

Mr. Kevan C. Taylor
153 Imperial Drive
Friendswood, Texas 77546.

This address was provided by Mr. Taylor in his letter of 13 June 1997. The 23 April 1997 letter to Mr. Taylor from the undersigned was addressed to Pasadena, Texas, but received by Mr. Taylor who provided the Friendswood, Texas address as his present address.

In view of providing Mr. Taylor's last known address, the Rule 47(b) applicant respectfully submits that requirement (3) pursuant to 37 C.F.R. 1.47(b) has been satisfied. Accordingly, this ground of refusal to grant the Petition should be withdrawn.

c. Proof That The 37 C.F.R. §1.47(b) Applicant Has Sufficient Proprietary Interest in the Application

In order to establish that the Rule 47(b) applicant has sufficient proprietary interest in the application to warrant grant of the Petition, applicant relies on the facts recited in the previous Declaration of John Heavens signed 11 December 1996 and a legal opinion of James Denmark Annexed hereto as Exhibit 2. This legal opinion is in the form of a Declaration of Mr. James Denmark, who is a Chartered Patent Agent in the United Kingdom where the invention was made and where Mr. Taylor was employed at that time.

Applicant does not rely on the 19 July 1993 employment agreement with Insituform Technologies as discussed at page 4 of the Decision. The invention was completed prior to this date as evidenced by Mr. Heavens in his Declaration. Accordingly, applicant relies on Mr. Taylor's employment with Insituform Technical Services Limited in the United Kingdom since October 1988 and operation of Section 39(1) Patents Act 1977.

Mr. Denmark's opinion is to the effect that under Section 39(1) Patents Act 1977, a court of competent jurisdiction in the United Kingdom would, by the weight of authority in that jurisdiction, award title of the invention to Mr. Taylor's then employer, Insituform Technical Services Limited. The basis for this opinion is Section 39(1) of the Patents Acts by virtue of Mr. Taylor's employment with Insituform Technical Services Limited at the time of making the invention.

Under Section 39(1), if an employee has employment such that in the course of normal duties, or specifically assigned to him, an invention might reasonably be expected to result from these duties, the invention belongs to the employer. This places title in the ultimate corporate parent, Insituform Technologies, Inc. ("ITI") and its subsidiary Insituform (Netherlands) B.V., the Rule 47(b) applicant.

It is submitted that Mr. Denmark, as Chartered Patent Agent in the United Kingdom is the proper person to provide the opinion as to ownership. There are no "attorneys at law" as such in the United Kingdom as called for in Section 409,03(f) of the MPEP

quoted at page 4 of the Decision the fact that Mr. Denmark is competent to render this opinion as to ownership is supported by the following.

As a Chartered Patent Agent in the United Kingdom, Mr. Denmark is the equivalent of an attorney-at-law in the United States, in so far as patent related matters are concerned. In his capacity as a Chartered Patent Agent, Mr. Denmark is the person an attorney at law in the United States would consult to obtain an opinion as to ownership of an invention in the United Kingdom. A U.K. Solicitor also would seek the counsel of a Chartered Patent Agent on this issue. Additionally, such Agents are authorized by statute to appear in person in the recently established Patents County Court in the United Kingdom, under the authority of the U.K. Copyright, Designs and Patents Act of 1988. A copy of Part VI of the Act, Sections 287-292 relating to establishment of the Patents County Court is attached to the Denmark Declaration as Exhibit A. Section 252(1) expressly authorizes a Registered Patent Agent (or Attorney) to do anything a Solicitor of the Supreme Court might do as it relates to patent matters before the Court. This includes appearing at final hearings.

Attached as Exhibit 3, is a copy of an article "Employee's Inventions: Inventorship and Ownership" which appeared in COMMENTS (1997) 5 EIPR at pages 262-266. This article is being offered to support the point that the issue of the ownership of employee inventions in the United Kingdom is within the jurisdiction of the Patents County Court in the U.K. In view of the Act authorizing

the Agents to act fully before the Court, ownership is a proper subject upon which a Chartered Patent Agent might render such a legal opinion. See also, Rackham, The Patents County Court in the United Kingdom, 20 AIPLA Quarterly J. 112, 115 (1992), which also explains that issues of ownership of an invention in the United Kingdom often arise in such cases and the Patents County Court is competent to hear this issue or any other associated with a patent. A copy of the Rackham article is annexed as Exhibit 4. In view of this, Mr. Denmark is more than eminently qualified to render the opinion annexed as Exhibit 2. It is respectfully submitted that Mr. Denmark's opinion establishes ownership of Mr. Taylor's invention by Insituform Technical Services Limited pursuant to Section 39 of the Patents Act. Thus, requirement (5) under 37 C.F.R. §1.47(b) has been fulfilled and the Examiner's refusal to grant the petition should be withdrawn.

Mr. Denmark's opinion places ownership of the invention at the time it was made in Insituform Technical Services Limited. This places ownership in Insituform (Netherlands) B.V., the Rule 47(b) Applicant. Since Insituform Technical Services Limited was, at the time of Mr. Taylor's employment in 1988-1992, a subsidiary of Insituform Group Limited (IGL) IGL was the ultimate corporate owner of all the intellectual and patent rights relating to the Insituform® Process. In 1992, INA Acquisition Corp., a wholly owned subsidiary of ITI acquired IGL pursuant to an Agreement between Insituform North America, Inc. ("INA"), INA Acquisition Corp., and IGL. By change of name, INA became ITI, the ultimate

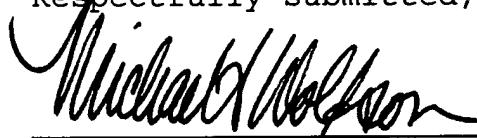
corporate parent Insituform company. Insituform (Netherlands) B.V., the Rule 47(b) applicant is ultimately wholly owned by ITI, the parent Insituform Company. These facts are established by the Declaration of Mr. William A. Martin, an officer of each of the named Insituform companies. Mr. Martin's Declaration confirming these facts is attached as Exhibit 5.

Conclusion

For the reasons set forth herein providing Mr. Taylor's last known address in Friendswood, Texas, establishing that Mr. Taylor has refused to sign, and the Denmark opinion based in part on the facts set forth in the Heavens and Martin Declarations, Insituform (Netherlands) B.V., the Rule 47(b) applicant, has established a sufficient proprietary interest in the application. Thus, the Rule 47(b) applicant has fully satisfied all the requirements of 37 C.F.R. 1.47(b), and this Petition should be granted.

If any open issue remains, kindly contact the undersigned attorney.

Respectfully submitted,



Michael I. Wolfson
Reg. No. 24,750
Attorney for Petitioner and
37 C.F.R. § 1.47(b) Applicant
COWAN, LIEBOWITZ & LATMAN, P.C.
1133 Avenue of the Americas
New York, New York 10036-6799
(212) 790-9200

Enclosures

Attorney Docket No. ITI-169

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant: KEVAN C. TAYLOR
Serial No.: 08/604,975
Filed: March 25, 1996
International Application No.: PCT/GB94/00995
International Filing Date: 9 May 1994
For: LINING OF PIPELINES OR
PASSAGEWAYS

**FOURTH SUPPLEMENTAL DECLARATION OF MICHAEL I. WOLFSON
IN SUPPORT OF RENEWED PETITION UNDER 37 C.F.R. § 1.47(b)**

Assistant Commissioner for Patents
Box PCT
Washington, D.C. 20231

Attention: PCT Legal Office

S I R:

MICHAEL I. WOLFSON, hereby declares as follows:

1. I am a member of the firm Cowan, Liebowitz & Latman, P.C., attorneys for Insituform Technologies, Inc., having its principal place of business at 702 Spirit 40 Park Drive, Chesterfield, Missouri 63005 and formerly at 1770 Kirby Parkway, Suite 300, Memphis, Tennessee 38138 ("ITI") and its subsidiaries relating to the Insituform® Process. ITI is the ultimate corporate parent of all Insituform companies, including Insituform (Netherlands) B.V., the 37 C.F.R. § 1.47(b) applicant herein.

2. I make this Supplemental Declaration in Support of Renewed Petition Under 37 C.F.R. §1.47(b). This application should be accepted pursuant to 37 C.F.R. § 1.47(b) on the ground that all of the requirements under the rule have been fulfilled. The last

known address of the inventor is set forth below, the inventor refuses to sign the application and Insituform has shown sufficient proprietary interest in the application. I will also describe the efforts which I have taken in order to satisfy each of the formal requirements as set forth in the Decision on Petition dated February 19, 1997.

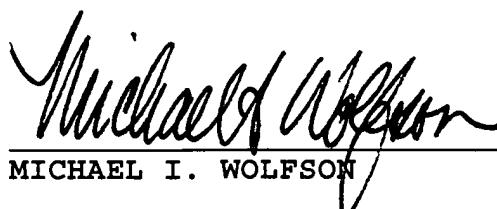
3. The last known address for Kevan C. Taylor is:

Kevan C. Taylor
153 Imperial Drive
Friendswood, Texas 77546

4. The undersigned became aware of this latest address of Mr. Taylor, when he received a letter from Mr. Taylor dated June 13, 1997. Mr. Taylor's letter sets forth the address. This is the last communication I have received from Mr. Taylor. Mr. Taylor's letter was in response to my letter to him dated April 23, 1997 at a Pasadena, Texas address. A copy of Mr. Taylor's letter of 13 June 1997 is annexed as Exhibit A. My letter included a complete copy of the application papers (specification, including claims, drawing and Declaration) and requested Mr. Taylor to sign. A copy of my 23 April 1997 letter is annexed as Exhibit B. There were no enclosures to Mr. Taylor's letter and his refusal to sign is at page 2.

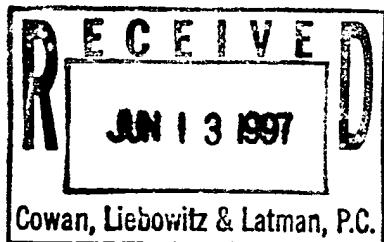
5. I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements are made with the knowledge that willful false statements and the like so made are punishable by fine or

imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.



MICHAEL I. WOLFSON

Date: New York, New York
August 18, 1997



Mr. Kevan Taylor
153 Imperial Drive
Friendswood, TX 77546
Tel.# 281-992-6180
Fax# 281-992-6496

June 13, 1997

Mr. Michael I. Wolfson
c/o Cowan, Liebowitz E. Latriana
1133 Ave. of Americas
New York, NY 10036-6799

Ref.: US Application Serial No. 08/604,975

Dear Michael:

Many thanks for your letter in reference to the above patent application. Thank you for passing on to Insituform Management my request for compensation.

As usual, their response seems pre-determined. As I told you, my initial idea for this invention was passed on for patent filing in the UK while I was an employee of that company. The initial idea was formed before I became an employee of Insituform and in addition the Company had previously agreed to pay for the development. I passed the idea to Eric Wood, who in turn had sent the idea to the Insituform Patent Agent. Much later, I was requested to sign various agreements while I was led to believe that funding would be made available to develop my idea, unfortunately Eric died unexpectedly and tragically and I was immediately transferred to the USA.

In the first week of my move to USA, I had a meeting with the CEO, Mr. J.P. Richard and Mr. Hooper, to confront them on a rumor that I was to be terminated after all information of developments that Eric and myself were working on was passed on to the US Management. They of course denied any such rumor.

Again I was requested to sign further agreements and contracts, furthermore, I was continuously requested to answer questions regarding Eric's work and myself, and within twelve months I was terminated.

No development funding had been provided by Insituform and in addition all requests to develop my ideas were turned down.

If I had gone to court then, you would not be requesting this patent transfer, and further, I would not have been seeking compensation.

Under the present circumstances, since my early departure from Insituform in the US left me without work and/or a home to go back to in the UK, I will not sign your application. Furthermore, I will protest to the US patent office personally.

Should you or Insituform need to call me direct, my telephone number is at the top of this letter.

Thank you,

A handwritten signature in black ink, appearing to read "K Taylor".

Kevan Taylor

Cowan, Liebowitz & Latman, P.C.
LAW OFFICES

1133 Avenue of the Americas • New York, NY 10036-6799

Telephone (212) 790-9200 • Internet law@cll.com • Fax (212) 790-9300

Michael I. Wolfson
Direct (212) 790-9201
miw@cll.com

April 23, 1997

BY FEDERAL EXPRESS and EXPRESS MAIL
Express Mail No. EM 025 771 699 US

Mr. Kevan C. Taylor
4251 Young
Pasadena, Texas 77504

Re: U.S. Application Serial No. 08/604,975
Based on International Patent Application
No. PCT/GB94/00955
LINING OF PIPELINES AND PASSAGEWAYS (Short-Tee Repair)
Insituform (Netherlands) BV
Our Ref. ITI-169 (20107.69)

Dear Kevan:

This is a follow-up to our telephone conversation last month.

When we spoke, you explained that you had developed on your own some improvements to your invention as set forth in PCT application No. PCT/GB94/00955 which is the subject matter of the national phase application in the United States, Serial No. 08/604,975 deposited for filing here on 25 March 1996.

I transmitted your request to senior management at Insituform Technologies for permission to utilize the invention on your own. Alternatively, you proposed some additional consideration from Insituform since you had expended your own funds to perfect the process and would like to be compensated for this along with the right to use the invention on your own.

I indicated to you that under British Law, Insituform owned the invention and that you are under an obligation to assign the application to Insituform. Since that time, we have received from Andrew Donlan at Bailey Walsh & Co., General Powers of Appointment you signed on your behalf and on behalf of Insituform Technologies Limited in connection with the PCT application.

Cowan, Liebowitz & Latman, P.C.

Mr. Kevan C. Taylor

April 23, 1997

Page 2

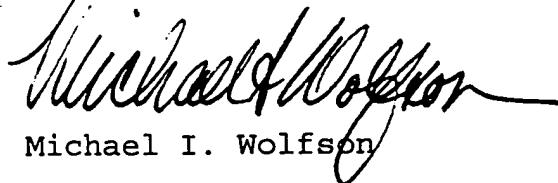
If you have perfected an improvement of the invention described in this application which is independent of the invention described in the application, Insituform would be receptive to your making a disclosure to it. However, it is imperative that you first sign the U.S. application papers and Assignment to Insituform so that the filing of this underlying application can be regularized. Once this has been completed, Insituform would be prepared to receive from you, subject to appropriate confidentiality terms, any new improvements you may have developed since filing the application and leaving the employment of Insituform.

In order to facilitate your signing the application, I am enclosing a further set of the application papers together with a return Federal Express airbill to facilitate your return of the signed application papers to us.

If you have any questions with respect to any of the comments in this letter or wish to discuss the matter further, please do not hesitate to give me a call. I anxiously await receipt of the signed application papers from you.

Thank you for your cooperation in this matter.

Sincerely,



Michael I. Wolfson

Enclosures

cc: Insituform Technologies, Inc.
Memphis, Tennessee

Exhibit 2

Attorney Docket No ITI-169

**IN THE UNITED STATES PATENT AND
TRADEMARK OFFICE**

Applicant: KEVAN C. TAYLOR
Serial No: 08/604,975
Filed: March 25, 1996
International Application No: PCT/GB94/00995
International Filing Date: 9 May 1994
For: LINING OF PIPELINES OR
PASSAGEWAYS

**DECLARATION OF JAMES DENMARK IN SUPPORT
OF RENEWED PETITION UNDER 37 C.F.R. § 1.47 (b)**

Assistant Commissioner for Patents
Box PCT
Washington, D.C. 20231

Attention: PCT Legal Office

SIR:

JAMES DENMARK, hereby declares as follows:

1. I am a Chartered Patent Agent of the United Kingdom, and a European Patent Attorney. I am an expert in the field of British patent law and have represented Insituform Technologies, Inc. of Memphis, Tennessee and prior to that Insituform Group Limited and their subsidiaries, related companies and its predecessor companies in connection with this and other applications relating to the Insituform® Process since the early 1970's.
2. I have practised in the field of patent law for over 30 years and I am fully familiar with the current Act of the United Kingdom which governs patents namely the Patents Act 1977. Section 39 of the Patents Act deals with ownership of inventions made by employees in the U.K.
3. I have been asked to provide my opinion in relation to a specific matter in question, namely whether or the invention made by Mr Kevan Taylor, which is the subject of United States Patent Application Serial No. 08/604,975, belongs to his employer, namely Insituform Technical Services Limited, a British company of 10 Harrowden Road, Brackmills, Northampton, NN4 7EB, England, when the invention was made.
4. Section 39 of the Patents Act 1977 governs ownership of Mr Taylor's invention, a copy of which is attached as Exhibit 1, Section 39(1) provides as follows:

39. - (1) Notwithstanding anything in any rule of law, an invention made by an employee shall, as between him and his employer, be taken to belong to his employer for the purposes of

this Act and all other purposes if

—

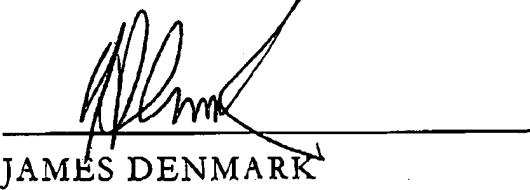
(a) it was made in the course of the normal duties of the employee or in the course of duties falling outside his normal duties, but specifically assigned to him, and the circumstances in either case were such that an invention might reasonably be expected to result from the carrying out of his duties; or

(b) the invention was made in the course of the duties of the employee and, at the time of making the invention, because of the nature of his duties and the particular responsibilities arising from the nature of his duties he had a special obligation to further the interests of the employer's undertaking.

5. Under Section 39(1), the invention belongs to Mr Taylor's employer if Mr Taylor made the invention either (a) in the course of his normal duties, or in the course of specially assigned duties. The question is whether under Section 39 (1)(a), or (b), by virtue of the nature of his duties he had obligations of particular responsibilities such as could make the invention fall within the Section 39(1)(b).

6. As to the facts of the matter, I have considered a Declaration by Mr John W Heavens dated 11 December 1996, who at the material time was a General Manager of the company and to whom Mr Taylor reported. Mr Heavens was responsible for the Insituform lateral installation program on the Isle of Man. It was to that program that Mr Taylor was assigned by his employer. The invention which is the subject of the aforementioned US patent application was disclosed to me by Mr Taylor by facsimile before I prepared and filed the underlying British priority application No 9319832.3 on 25 September 1993. The invention was designated by Mr Taylor as the "Shortee" repair system for laterals.
7. After filing the British priority application, I also filed the PCT application on behalf of Insituform which became PCT/GB94/00995 on 9 May 1994. In order to perfect that filing made on 9 May 1994, I forwarded to Mr Taylor authorization forms for signature on behalf of Insituform Technologies Limited and himself, since he was an applicant for the United States. A copy of my letter of 9 May 1994 to him in respect of the new PCT application for the "Shortee Repair System for Laterals" and the two signed authorization forms are annexed hereto as Exhibit 2. The authorizations were returned by Mr Taylor with the notation "Many Thanks K Taylor" at the bottom of my letter.

8. At the time of filing the British priority application, the PCT application or at any other time, Mr Taylor never indicated that the invention and application belonged to him and nor did he ever indicate to me that he had made the invention before he joined the company.
9. The law of the United Kingdom is that if an employee has employment which is such that, in the course of the normal duties of his employment, or specific duties assigned to him, an invention might reasonably be expected to result from the carrying out of his duties, then that invention belongs to the employer.
10. In the specific case as set forth in the declaration of Mr Heavens, accepting that the facts therein are true, then the invention the subject of International Patent Application PCT/GB94/00995 in my opinion belongs to the Insituform Technical Services Limited, or its legal successors.
11. I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements are made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.



JAMES DENMARK

Date: Leeds, England
13 August 1997

PART I, SECTION 38]

within two months from the date of the order if made by an old proprietor and four months if made by a former licensee. These periods are, however, extensible at the Comptroller's discretion under rule 110(1), for which see para. 123.36. Since the request is to be made directly to the new proprietor, no form is specified for the request. Nor is it required that the Comptroller be notified of the request, though it may be prudent to do so, but the request would then become of public record on the file of the patent. Rule 57 is analogous to rule 9 (reprinted at para. 8.04 and discussed in para. 11.05).

Any reference to the Comptroller, either by the new proprietor or the person seeking a licence, is to be made on PF 2/77 (reprinted at para. 140.02) under rule 58 (reprinted at para. 38.03). This rule is analogous to rule 13 (reprinted at para. 11.02 and discussed in para. 11.06).

Employees' Inventions [Sections 39-43]

39.01

SECTION 39

Right to employees' inventions

39.—(1) Notwithstanding anything in any rule of law, an invention made by an employee shall, as between him and his employer, be taken to belong to his employer for the purposes of this Act and all other purposes if—

- (a) it was made in the course of the normal duties of the employee or in the course of duties falling outside his normal duties, but specifically assigned to him, and the circumstances in either case were such that an invention might reasonably be expected to result from the carrying out of his duties; or
- (b) the invention was made in the course of the duties of the employee and, at the time of making the invention, because of the nature of his duties and the particular responsibilities arising from the nature of his duties he had a special obligation to further the interests of the employer's undertaking.

(2) Any other invention made by an employee shall, as between him and his employer, be taken for those purposes to belong to the employee.

(3) Where by virtue of this section an invention belongs, as between him and his employer, to an employee, nothing done—

- (a) by or on behalf of the employee or any person claiming under him for the purposes of pursuing an application for a patent, or
- (b) by any person for the purpose of performing or working the invention,

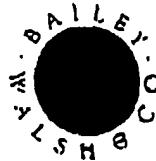
shall be taken to infringe any copyright or design right to which, as between him and his employer, his employer is entitled in any model or document relating to the invention.

Note. Subsection (3) was inserted by Schedule 5, para. 11(1) [1988], with effect from January 7, 1991 (S.I. 1990 No. 2168).

BAILEY W. LSH & CO

Exhibit

Chartered Patent Agents - European Patent Attorneys - Trademark Agents
 5 York Place, Leeds, LS1 2SD.
 Telephone: Leeds (0532) 433824. Cables: 'Inventions' Leeds 1.
 Telex: 557830 WALPATC. Fax: 0532 445699 or 460268



Mr K Taylor
 Insituform Technologies Ltd
 10 Harrowden Road
 Brackmills
 Northampton NN4 0EB

Our ref: JD/PW/6858
 9th May 1994

Dear Mr Taylor

Re: New International Patent Application
 "Shortee" Repair Systems for Laterals

This is to advise you that I have attended to the filing of the above patent application, please also find enclosed two authorisation forms which needs to be signed on behalf of Insituform Technologies Ltd and yourself and returned to me.

Yours sincerely
 BAILEY WALSH & CO

John Walsh

J. DENMARK
 Enc

Many thanks
K Taylor

J. Denmark, B.Sc. (Hons), C. Eng., M.I.Mech.E., C.P.A., M.I.T.M.A.
 P. B. Dunn, LL.B. (Hons), A.C.I.T., M.I.T.M.A.
 G. Wood, M. Eng.
 J. Sparke, B.A. (Hons).
 A. M. Weston, B.Sc. (Hons), Ph.D., G.R.S.C.

18 MAY 1994

37 14:54 FR CUNNAN LIEBOWITZ-001 212 790 9300 TO 01132445699

PATENT COOPERATION TREATY

General appointment of Agent or Common Representative

The undersigned applicant(s) hereby appoints (appoint) Mr.
(Ms, Miss, Mrs.)

Bailey Walsh & Co
5 York Place Leeds LS1 2SD

as agent as common representative

to act on his (her, their) behalf before the competent
International Authorities in connection with any and all
international applications filed by him (her, them) and of
which he (she, they) is (are) the sole applicant(s).

(Place)

(Date)

(Signature of the applicant (where there are several
applicants, all of them must sign)

K. Baugher

INSTITUFORM TECHNOLOGIES LTD
Type the name under the (each) signature

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MAR 13 '97 09:44

2:47 14:54 FR COWAN LIEBOWITZ-201 312 790 9300 10 01132445699 P.011/011

PATENT COOPERATION TREATY

General appointment of Agent or Common Representative

The undersigned applicant(s) hereby appoints (appoint) Mr. (Ms, Miss, Mrs.)

Bailey Walsh & Co
5 York Place Leeds LS1 2SD

as agent as common representative

to act on his (her, their) behalf before the competent International Authorities in connection with any and all international applications filed by him (her, them) and of which he (she, they) is (are) the sole applicant(s).

(Place)

(Date)

(Signature of the applicant (where there are several applicants, all of them must sign))

Kevan Charles Taylor

KEVAN CHARLES TAYLOR

Type the name under the (each) signature

MAR 13 '97 09:44

TOTAL P.004
01132445699 PAGE 004
** TOTAL PAGE.005 **

WIPO

Agreement concerning the management of technology, copyrights and trade names

European Intellectual Property Review



Sweet & Maxwell

OPINION

Translation of European Patents:
Package Solution not the Answer
Kaijo Heinonen

ARTICLES

The Enlarged Board of Appeal of the EPO: A Proposal
The Hon. Sir Robin Jacob

The Desirability, Necessity and Feasibility of Co-operation
between Courts in the Field of European Patent Law
Jan J. Brinkhof

The New WIPO Copyright Treaty: A Happy Result in Geneva
Thomas C. Vinje

A Quixotic Raid Against the Tobacco Mill
Anselm Kamperman Sanders and Spyros M. Maniatidis

TRIPs and Intellectual Property Protection in China
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It is hoped that Australian courts will in future apply this more systematic approach to the issue of non-literal copying of computer software, and so arrive at a more considered, and more correct, decision than that reached in *Data Access*.

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Employees' Inventions: Inventorship and Ownership

Greater Glasgow Health Board's Application¹ Staeng Ltd's Patents²

Section 39 of the Patents Act 1977³ enacted a statutory test for determining the ownership of all employees' inventions.⁴ However, as the provisions of the section were skeletal in nature, subsequent interpretation and clarification by the courts and the Patent Office was especially important. Unfortunately, the dearth of reported litigation in this area has meant that a 1985 Patents Court decision still dominates U.K. thinking.⁵ It is therefore with considerable interest that one greets two recently reported decisions in which the provisions of section 39 were applied: *Greater Glasgow Board's Application* in the Patents Court and *Staeng's Application* in the Patent Office.

Inventorship

Proof of inventorship is an essential precursor for any employee who wishes to assert ownership of an invention under section 39. Section 7 (3) of the P.A.77 defines an inventor as "the actual deviser of the invention and 'joint inventor' shall be construed accordingly". Although the P.A.77 offers little further guidance on the meaning of "actual deviser", one must assume that the person or persons who contribute the protectable originality in the application (i.e. the inventive step)⁶ will be considered the inventor(s).⁷

1 [1996] R.P.C. 207.

2 [1996] R.P.C. 183.

3 Hereinafter referred to as "P.A.77".

4 However, previous common law notions might still prove helpful to the courts. For example, the possibility that senior employees owe a special obligation to further the interests of their employers, contained in s. 39 (1) (b), owes much to pre-1977 case law, e.g. *Worthington Pumping Engine Co. v Moore* (1903) 20 R.P.C. 41. See also J. Phillips and M.J. Hoolahan, *Employees' Inventions in the United Kingdom* (1982) p. 55, and A. Chandler and J. Holland, *Information: Protection, Ownership and Rights* (1993), pp. 128-29.

5 *Harris's Patent* [1985] R.P.C. 19.

6 See, for example, *Homan's Patent* (1889) R.P.C. 104.

7 For this reason, s. 36 P.A.77 provides for the possibility of joint inventorship.

The issue of inventorship arose specifically in *Staeng's Application*. The facts show that N was an employee of H Ltd, a large company primarily concerned with the manufacture of cable markers and heatshrink products for use in the cable industry.⁸ He was regularly approached by R, an employee of the applicant, S Ltd, a small specialist company which designed and developed cable harnesses and backshell adaptors. An ongoing business relationship had in fact developed between their two companies, which, subsequent to the making of the invention which formed the basis of the hearing, ended with H Ltd acquiring S Ltd. This acquisition was mutually beneficial: S Ltd designed and arranged for the manufacture of backshell adaptors and H Ltd designed and manufactured the heatshrink sleeves, with these complementary elements being packaged and sold together in kit form by H Ltd. At one of the meetings between N and R, prior to the acquisition, R showed N a backshell adaptor which was being developed and asked if there was an alternative way of holding the cable screen to the adaptor without the use of specialised machinery. N suggested a constant tension spring, a suggestion which proved so successful that it formed the basis of a subsequent patent application by S Ltd. Without N's knowledge R was designated the sole inventor. N now claimed that he should have been named as sole inventor.

The hearing officer recognised that the role performed by N in solving R's problems was far greater than that of R, but concluded that N had failed to discharge the onus of proof required to establish his claim to sole inventorship. Unfortunately, the hearing officer's reasons were extremely terse, to the point of being unhelpful. Having commented on the brief and conflicting arguments by counsel, he stated:

It seems clear on the evidence that [N] did not come up with the idea of using a spring unprompted, and, indeed, that he is unlikely to have done so had [R] not spoken to him about the problem in the first place ... [R] alerted [N] to the notion that the method of attaching cable braids to backshell adaptors which [S Ltd] had been using until then might in some way be improved. [R] posed the question and [N] came up with a suggested solution. Tests on that solution far surpassed their expectations.

Thus R was awarded joint inventorship status simply because he "posed the question" which N, without some "prompting", would not otherwise have asked himself, owing to his recognised ignorance in matters relating to backshell adaptor construction.

One criticism of this decision is that it fails to take account of section 43 (3) of the P.A.77, which states that a person who merely contributes "advice or other assistance in the making of the invention" will not be considered to be the inventor or a joint inventor.¹⁰ As

8 N's official title was "Product Development Manager". He was responsible directly to the Managing Director and supervised a group of Product Managers who controlled the technical side of current product development and innovation.

9 n. 2 above, p. 190 (emphasis added).

10 The subsection seems to have escaped the attention of everyone involved in the case, even though one can argue that it represents a codification of the nineteenth-century common law

R's only recognised contribution was to pose the question, the mere posing of the question must have demonstrated some degree of originality. Indeed, this is a recognisable form of inventiveness. For example, an inventive step may arise from the "identification of a problem to be solved", even though the solution is obvious once the problem has been posed.¹¹ In *Re Rider*¹² the Technical Board of Appeal accepted that the "discovery of a problem until then unrecognised may, in certain circumstances, give rise to patentable subject-matter in spite of the fact that the claimed solution is (with hindsight) trivial and in itself obvious".

However, in *Re Rider* it was crucial that the successful patent applicant had suggested an improvement which contradicted the teachings of the state of the art. In *Staeng*, it is difficult to see how R's formulation of the problem was anything more than a repetition of a known problem which those in backshell adaptor manufacture regularly encountered but had yet to resolve.¹³ Certainly, there was no suggestion that the phrasing of the question hinted at the answer. Perhaps the hearing officer assumed that, as N reached the solution so quickly, originality must have lain, at least in part, elsewhere? If so, such a conclusion flies in the face of accepted principle.¹⁴

Clearly the onus was on N to prove sole inventorship. However, given that counsel for S Ltd touched only "very briefly" on the issue of inventorship, and that R was content to appear as sole inventor on the parent application while admitting that N's contribution represented the whole basis of the invention, perhaps the hearing officer might have shown greater leniency in setting the appropriate standards of proof for N.¹⁵ Certainly, it seems unfortunate that, when recent case law has already placed unnecessary obstacles in the path of employee inventors claiming compensation under sections 40 to 41 of the P.A.77,¹⁶ further constraints are being imposed on them in so far as they seek to maximise their entitlement by asserting sole inventorship for the purposes of those sections.

position on inventorship. See, for example, *Smith's Patent* (1905) 22 R.P.C. 61. See also *Agawam Woolen Co. v. Jordan* (relying on the English authority of *Allen v. Rawson* (1841) C.B. 551, 135 E.R. 656), where the court stated that if the "employer has conceived the plan of an invention and is engaged in experiments to perfect it, no suggestions from an employee, nor amounting to a new method or arrangement, which, in itself is a complete invention, is sufficient to deprive the employer of the exclusive property in the perfected improvement".

11 *European Patents Handbook*, CIPA (2nd ed., 1992), at para. 3.5.2.

12 Decision T02/83 *RIDER/Simethicone tablet* [1979-85] EPOR Vol. C. 715.

13 Certainly, there was no suggestion that the invention had satisfied a long "unfelt want". If this had been the case, R might have had an arguable case based on the subsequent success of the invention; see, for example, *Ludlow Fuzz Co. v. Low* (1953) 70 R.P.C. 69 at 73.

14 See, for example, *Vickers, Sons & Co. Ltd v. Siddell* (1890) 7 R.P.C. 292 at 304, and *Riekmann v. Thierry* (1897) 14 R.P.C. 105 at 115, H.L.

15 It seems unfortunate that the P.A.77 does not contain greater discretionary powers in this situation, the benefits of which were clearly exhibited in pre-1977 times by Lord Cranworth in *Re Russell's Patent* (1858) 2 De G. & J. 130.

16 See A. Chandler, "Employee inventions: Outstanding Compensation?" (1992) *Journal of Business Law* 300.

Ownership of Invention

Having established inventorship, one must turn to section 39 (1) of the P.A.77. This states that an invention made by an employee will belong to his employer for the purposes of the 1977 Act if:

- (a) it was made in the course of the normal duties of the employee ... and the circumstances ... were such that an invention might reasonably be expected to result from the carrying out of his duties; or
- (b) the invention was made in the course of the duties of the employee and, at the time of making the invention, because of the nature of his duties and the particular responsibilities arising from the nature of his duties he had a special obligation to further the interests of the employer's undertaking.¹⁷

Section 39 (1) (a) and normal duties

In both *Greater Glasgow* and *Staeng*, attention was drawn first to the respective employees' job descriptions. Clearly, the job description of an employee inventor offers a snap-shot view of the employer's anticipated needs at the time of appointment, offering a basis for formulating the duties which the employee will be expected to perform. But, as an employee acquires greater experience and develops new skills to meet the challenges of the ever-changing demands of the market and his employer, so his duties will change. The job description is a useful *starting-point* for identifying the employee's actual duties at the time of making the invention, but the reality of the job must also be allowed to intrude. For this reason, the Patents Court in *Harris's Patent* adopted a cautionary approach, preferring to "lift the veil" and identify the real duties performed by Harris, the employee. Thus, although Harris's job description required him to use his specialist knowledge to deal with problems experienced by customers of his employer, he had no research laboratory or other facilities, never undertook creative design activity and always referred major design problems to another company, S Ltd, licensors of his employee. The court concluded that, as his employers had never taken it on themselves to solve design problems, it could not have been part of Harris's normal duties to provide solutions to these problems.

Do the decisions in *Greater Glasgow* and *Staeng* follow this eminently sensible approach? In particular, what attempts were made to ensure that the link, in practice, between the employees' actual duties and their inventions was sufficiently strong to warrant the use of section 39 (1) (a) of the P.A.77?

Greater Glasgow Health Board's Application

In 1988 M made an invention relating to an optical spacing device for use with an indirect ophthalmoscope. At the time he was employed as a Registrar in the Department of Ophthalmology, by Greater Glasgow's Health Board. His job description stated that his duties included:

17 Note that subsection 2 states that "any other invention shall ... belong to the employee".

• [having] ... clinical responsibilities in the Out-Patient Department and in Casualty and ... duties relating to the ophthalmic and general care of in-patients including ophthalmic surgery.

• [working] ... the standard working week of ten units of medical time (40 hours) and, in addition, the appointee will be available for eleven Class A UMTs (standing by or working at hospital).¹⁸

There was also an expectation that M would "participate in undergraduate and postgraduate teaching of Ophthalmology" and that, as his department was active in basic and clinical research, he would be "expected to avail himself of the facilities provided".

Following *Harris*, Jacob J. was prepared to "lift the veil" in order to ascertain the precise nature and scope of M's duties. In particular, a letter from M's head of department stated that any "expectation that [M] would become involved in research and teaching ... was a somewhat informal invitation for him to become involved with the University side of the Institute, thereby making his career more interesting". This "expectation" was all the more illusory as M was working 80 hours a week treating patients. Nevertheless, counsel for the Board proffered the following argument: (1) M's duty was to treat patients, focusing on diagnosis and actual treatment; (2) it was his duty to adopt any improved method of diagnosis for the treatment of his patients; so (3) it was M's duty to think of better ways of diagnosing his patients.

His Lordship dismissed this analysis with consummate brevity: "It leads to the conclusion that it is the duty of this doctor, and probably every other registrar in the country, to devise if he can new ways of diagnosing and treating patients, because his duty is to treat patients".¹⁹ The flaw in counsel's argument was thereby exposed. It presupposed that if a doctor made an invention which constituted a better form of treatment, then, as his employer could use this invention, it necessarily belonged to his employer. Jacob J. considered this argument unappealing in the extreme. Drawing an analogy with *Stephenson Jordan & Harrison v. MacDonald & Evans*,²⁰ where the Court of Appeal had refused to award the copyright in a lecturer's lecture notes to his employer, Jacob J. concluded by paraphrasing the words of Denning L.J.: "M's invention may be 'a useful accessory to his contracted work' but it is not 'really part' of it".²¹

In many ways, the logic of the above argument was not dissimilar to that utilised in *Harris's Patent*, where Falconer J. had recognised that, if an employee made an invention while applying his mind to problems experienced by his employer, then section 39 (1) (a) came into play, always providing that it was part of the employee's duties "to apply his mind to those problems".²² The latter caveat is pivotal. In *Greater Glasgow*, there was no evidence that M's primary duties involved anything other than the hands-on treatment of patients and the performance of associated clinical responsibilities.

18 UMT stands for unit of medical time.

19 n. 1 above, p. 223.

20 (1952) 69 R.P.C. 10.

21 n. 1 above, p. 224, citing Denning L.J., *ibid.* p. 22.

22 n. 5 above, pp. 35, 37.

Saeng Ltd's Patents

In *Saeng*, the employee's "objectives" included increasing "sales by development of markets, by new products to existing customers ... and ultimately new products to new customers". N's actual duties, relevant to the issue of making inventions, were:

- To create from discussions with customers, product managers and other ... personnel, ideas for new products from seeing a need in the market place [and]
- Think of novel uses for existing products.

The original job description also stated that the recognised experience required to perform the functions of the post were twofold: five years experience of marketing/product management ideally in heatshrink/markers business or related industry, and a proven track record of new product development in a managerial role. As for the "Resources, Equipment" available, the job description simply referred to "six company cars". The hearing officer concluded that N's invention fell within his normal duties for the following reasons: (1) the job description assigned to N "the creative role of using discussions with customers [i.e. R at the time] to generate ideas for new products"²³; (2) N had been described as a joint inventor on at least one previous patent application made by H Ltd; (3) in so far as N's duties centred on performing a marketing role, this role lay "at the heart of the emergence of the invention in suit, and I dare say that the commonest of motives for applying for a patent in any technical field is, in the final analysis, essentially one of marketing"²⁴; and (4) backshell connectors lay within the broad field of H Ltd's business.

It is respectfully submitted that each of the above arguments is open to criticism. Point (1) demonstrates the problems of looking at a job description in isolation, especially when one focuses on specific extracts. This danger was highlighted by the Patents Court in *Harris's Application*. If N's role required technical/inventive skills, why were no resources made available to him, apart from the use of six company cars? Why did the job description fail to specify such skills in describing the necessary type of previous experience?²⁵ Why did the hearing officer ignore the fact that N's post was described as "Business Development Manager", and that the technical side of any new product development was controlled by a group of "Product Managers"?

Point (2) involved conflicting evidence as to why N had been named as a joint inventor on a previous application. Certainly, this prior application had related to heatshrink sleeves with an internal conductive lining partly shrunk on to a cable connector. N had stated that he did not contribute any originality but was added to the patent application for marketing reasons. Ironically, this is exactly why R ended up as the "sole inventor" for the patent in issue. The hearing officer assumed that evidence of inventive

23 n. 2 above, p. 199.

24 *ibid.*

25 Certainly, there was no evidence that the duty included within the job description to create "ideas for new products" had an innately technical as opposed to entrepreneurial side (see later).

activity by N supported the conclusion that N's duties included the making of inventions. Exactly who has the onus of proof here? It is submitted that the authors of the CIPA Handbook are correct in arguing that under section 39 it is the employer who has the onus of establishing ownership.²⁶ At the very least, as Jacob J. hinted at in *Greater Glasgow*, nothing should turn on the onus of proof.²⁷ If so, to allow such past events to influence the court or tribunal must surely have required clear evidence from N's employer that the subject-matter of that previous patent grant was causally linked to the duties performed by N at the time, and that N's contribution showed sufficient technical originality to warrant his inclusion on the patent application as a joint inventor. Neither point was considered by counsel for the applicant.

Regarding point (3), the overall impression gained from looking at the job description was that of a relatively high-powered marketing manager. H Ltd's ostensible requirements were for an employee with entrepreneurial skills who would sell H's products to customers, identify future product development needs and oversee the ongoing modification of H's range of products in order to meet changing customer demands. The hearing officer circumvented this argument by equating technical with marketing skills for the purposes of applying for a patent application. It is submitted that the motive for seeking patent protection must not be confused with the inventive step which underpins the resultant application. Relevant case law has stressed that the patentee must demonstrate technical inventiveness, not commercial awareness, under section 3 of the P.A.77.²⁸

Finally, point (4) involved a disputed fact which was finally resolved on evidential grounds. To that extent, any criticism of the conclusion would be churlish. Nevertheless, it is interesting to note that the hearing officer, in identifying N's normal duties, was clearly influenced by "the broad field of [H's] business".²⁹ The clear implication was that, if an employee's previous history had included making inventions, then any further invention which fell within his employer's range of business interests would be deemed to have been made within the employee's normal course of duties.

This approach was roundly criticised in *Greater Glasgow* as setting up a presumption that an employer owns all employees' inventions that are relevant to his business. More specifically, it contravenes the spirit of section 39 (1) (a), which requires that an employer

26 CIPA Guide to the Patents Act (4th ed., 1995) at para 39.07, citing *Harris's Patent* in support of this contention. At present, it would seem that the Comptroller places the onus of proof on the referent, without differentiating between the use of ss. 8, 12, 37 and s. 39.

27 In *Greater Glasgow*, Jacob J. stated: "It would be unfortunate if anything turned on the question of onus of proof because the question of who the applicant was was part of the civilised resolution of the problem between the two parties... it may make sense in that in relation to any similar dispute the parties agree that nothing shall turn on the onus of proof."

28 e.g. *Hallen Co. v. Brabants (U.K.) Ltd* [1989] R.P.C. 307 at 327, and *Windsor International Inc. v. Tabor Marine (Great Britain) Ltd* [1985] R.P.C. 59 at 72, 74.

29 n. 2 above, p. 200.

also show that the circumstances surrounding the invention "were such that an invention might reasonably be expected to result from the carrying out of [the employee's] duties". This condition rightly marries the employee's potential for invention with the performance of his duties, not with the much wider business interests of his employer. No doubt, the employer's apparent motivations in advertising the job, and his subsequent instructions to and supervision of the employee, are important in determining the question of expectability. However, one must not lose sight of the approach adopted in *Harris*, where Falconer J., referring to the latter condition in subsection (1) (a), commented that it must be "an invention which achieves, or contributes to achieving, whatever was the aim or object to which the employee's efforts in carrying out those duties were directed".³⁰

In this context, recourse might be made to the pre-P.A.77 decision in *Electrolux Ltd v Hudson*,³¹ where the employee's invention was central to the employer's business, but the invention belonged to the employee because it bore no relation to the performance of his duties.³²

Section 39 (1) (b)—special obligations

Where the employee's status within his employer's business creates a special obligation to further the interests of the employer, then the invention will belong to the employer. As yet, there has been no need to define the term "special obligation", although it will probably follow the tests expounded in *Worthington Pumping Engine Co. v. Moore and British Syphon Co. Ltd v. Homewood*.³³ This obligation might arise where the employee represents the alter ego of his employer or occupies a position very high in the management structure. Thus, apart from exceptional circumstances, middle management will normally be exempt from the strictures of this subsection. For example, in *Harris*, as the employee was merely a departmental manager with no duty to attend board meetings, the court concluded that no special obligation arose.

In *Staeng*, the employee, N, was clearly appointed to the higher echelons of management, but was he sufficiently senior to warrant invoking this "special obligation"? Interestingly, the hearing officer used the position of Harris as an appropriate comparator. Thus, whereas Harris had no right to attend board meetings, N was "involved in the sort of meetings and engaged in the sort of discussions that were also the province of directors". Whereas Harris had no right to hire and fire, or spend any departmental budget, N possessed some limited autonomy, subject to certain approval

30 n. 5 above, p. 29 (emphasis added).

31 [1977] F.S.R. 312. Note that pre-1977 case law required an employer to prove that the employee's invention had been made "in the course of employment", a term which might be broader than the "duties" referred to in subsection (1) (a).

32 See also *Sels Ltd's Application* (1954) 71 R.P.C. 158, where the employee was awarded ownership of his invention because he had "never [been] directed to apply his mind for the purposes of devising an invention".

33 (1903) 20 R.P.C. 41; [1956] R.P.C. 225 and 330.

procedures, applicable even to the managing director. In summary, Harris passed on problems, while N was expected to solve them by identifying the need for new products or the modification of existing ones. The hearing officer concluded that, irrespective of his decision under subsection 1 (a), by reason of N's status, his invention belonged to his employer under subsection 1 (b). It was clear that the final decision was a difficult one to make, relying on an appropriate sense of balance. As Falconer J. said in *Harris's Patent*:

the extent and nature of the "specific obligation to further the interests of the employer's undertaking" will depend upon the status of the employee and the attendant duties and responsibilities of that status. Thus, plainly the position in this regard of a managing director ... will, no doubt, extend across the whole spectrum of the undertaking, [and] will differ from that of, say, a sales manager.³⁴

Perhaps in future, bearing in mind that Harris was clearly not the type of employee that Parliament ever intended would be caught by subsection 1 (b), the employee in *Staeng* will stand as a more appropriate comparator for determining whether a particular employee has a "special obligation" to his employer, with those employees falling short of N's position being subject solely to subsection 1 (a).

Finally, one should note that even where a special obligation is established, the invention must still arise "in the course of the duties of the employee".³⁵ Such duties will include those contained within subsection 1 (a). They will also include any other duties which the employee has undertaken,³⁶ provided they are consistent with his position within the business.³⁷ In short, where a special obligation arises, subsection 1 (b) widens the scope of the employee's duties and dispenses with the requirement that an invention must have been reasonably expected to result from the performance of those duties.

Technically, this was not an issue in *Staeng*, as it had already been found that the invention was made in the course of N's normal duties under subsection 1 (a). Nevertheless, the hearing officer, in dealing separately with subsection 1 (b), preferred an alternative approach. He implied that, as N had a special obligation, any invention useful to his employer would automatically fall within N's "duties". Thus, having established that N knew of the planned acquisition of S Ltd by II Ltd prior to the making of the invention, he said: "whatever [H]is earlier interest in backshell adaptors may have been, at that point he would surely have recognised, as a senior ... employee, that an

34 n. 5 above, pp. 37-38.

35 This particular condition was not adopted in the pre-1977 decisions of *Worthington Pumping Engine Co. v. Moore* and *British Syphon Co. v. Homewood*, n. 33 above.

36 Pre-1977 case law suggests that the predictability of defining such duties, and applying them in varying factual situations, appears low. Contrast *Sels Ltd's Application*, n. 32 above and *Fine Industrial Commodities Ltd v. Powling* (1954) 71 R.P.C. 253.

37 See *Pearl's Patent*, unreported (S.R.I.S. 209/87), where the Comptroller held that subsection 1 (b) was potentially applicable even where the employee had maintained an involvement in research and development matters in direct contravention of his employer's explicit prohibition.

improvement in that field might be of advantage to his employers."³⁸

It is submitted that the drafting of subsection 1 (b) intentionally avoids making this automatic connection. The absence of any expectability criterion in subsection 1 (b) does not permit a court to imply a duty to invent into the contracts of all higher management personnel, irrespective of whether they are accountants or technicians.

Conclusion

Clearly, a considerable amount of unreported section 39 ownership disputes have been referred to the Patent Office.³⁹ Given the litigation costs on appeal, and the meagre resources available to most employee inventors, it is surely in everyone's best interests that the practical "precedents" set in the Patent Office are clear, predictable and legally watertight. One possible conclusion to be drawn from the two reported decisions is that we are some way off this position and that a few more commonsense decisions in the Patents Court would be welcome, before the Patent Office "precedents" become too embedded in concrete.

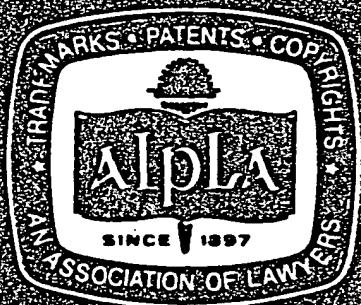
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Exhibit 4

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The Patents County Court In The United Kingdom

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NO. 2

THE PATENTS COUNTY COURT IN THE UNITED KINGDOM

A.C. Rackham*

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I. INTRODUCTION

In the past all disputes regarding infringement of a United Kingdom patent have been dealt with by the High Court. The right of representation before such courts has been limited to solicitors and barristers. Although specialist solicitors and barristers have usually handled such cases, they have not tended to have the same intimate knowledge of the patent as have the Patent Agents (now also called Patent Attorneys in the UK) who have had regular contact with the inventor during the prosecution of the patent to grant and often during the initial analysis of the questions of infringement and validity.

Procedures during High Court actions involving patents have also become complicated, cumbersome and time consuming and in such actions procedural matters have delayed and obscured the basic patent issues. As a result litigants have tended to find the procedure slow and very expensive.

For these and other reasons, a totally new Court, has been set up by the Copyright, Designs and Patents Act 1988, Section 287. The Court is known as the Patents County Court (PCC). The new Court came into force in mid 1990 and between then and mid January 1992, 100 cases had been initiated. Relatively few have so far proceeded through to a final argued decision, but others have been settled.

II. THE PATENTS COUNTY COURT

The physical premises of the PCC are at Wood Green, a suburb of London. The PCC is readily accessible by public transport and the fact that it is not located in the centre of London is not a handicap or serious logistical problem.

The judge appointed to the PCC is Judge Ford, who is very experienced in Patent matters. He was a Patent Barrister in London for many years and thereafter headed the Legal Board of Appeal of the European Patent Office. He is therefore used to a more robust system of hearing disputes than the UK High Court and he is moulding the actions of the PCC accordingly.

The PCC is a part of the UK County Court system and so is governed by different rules and procedures from the High Court. However the degree of complexity of a case or any likely damages awarded are not to any practical extent limited as compared with the High Court. In general however the PCC is designed to process disputes relatively quickly because short time periods are set for the various steps and only minimal extension periods are possible. Further the PCC has made it clear that it expects the parties to define the issues in dispute clearly, precisely and fully and to keep to the areas of dispute which are critical to decide the final outcome.

A further important difference is that UK Registered Patent Agents, usually "Chartered Patent Attorneys", can now appear in person before the

PCC and if necessary they can instruct a barrister, the advocate, directly. This reduces the number of advisors required with an immediate cost saving and indeed up to the trial many of the preliminary steps will tend to be handled by the Patent Attorney without a barrister and again this represents a significant cost and time saving since even minor procedural matters in the High Court can be delayed weeks or months by the lack of availability of the barrister. The Patent Attorney himself may act as the advocate in the final hearing and in practice some do, but the final hearing in the PCC tends to be measured in days as compared with a typical four to eight weeks in the High Court. Again therefore very significant cost savings can accrue from using the PCC even if a barrister is employed.

Finally the directness of the contact between the litigant and the Patent Attorney, who will usually have already been closely associated with the prosecution of the patent, results in a much simpler and quicker procedure and naturally in turn leads to cost savings.

In that connection one litigant was recently reported in the Patent Litigators Association Newsletter as saying in relation to a case started in the High Court and then transferred to the PCC:

"The communication chain — solicitor, junior barrister, barrister often felt awfully laborious even though we had no reason to feel incompetence of any individual party. The intriguing thing —looking back— was that the patent agent had minimal involvement in this exercise and yet he had more knowledge of our case than any of the other professionals.

The costs were somewhat daunting too, with everybody confidently predicting £150,000 to cover both parties and of course, all litigation carries an uncertain outcome.

We consequently took a keen interest when the Patents County Court came on the horizon — our particular interest was the claim of decimation of costs and quick progress.

By the end of 1990 we were fifteen months into the action and it felt not much further forward — several lever arch files had been filled and confident predictions were at least another 18 months before conclusion.

It proved to be a real breath of spring to be talking about the case to the Patent Agent who had been responsible for the original drafting — who had lived with our complete history and had a feel for our thoughts and the intricacies of our intellectual property portfolio.

Within weeks preliminary hearings were fixed and people were talking

to each other, instead of exchanging lengthy documents.

Suddenly the pace of the procedure was putting pressure on us — quite the reverse of our earlier experiences!"

Also it is worth noting that in the final decision on this particular case Judge J. Ford said:

"It should finally be put on record that this was the first Action before this PCC in which the parties were represented solely by registered Patent Agents and that the thorough yet economical presentation of their case was of great assistance and augers well for the future."

III. WHAT SORT OF DISPUTES ARE HANDLED IN THE PCC

It is essential that the dispute involve a UK Patent or a UK Design. The UK Patent can be a national patent or a European patent designating the UK, whilst the UK Design can be a Registered Design or a Design Right. This might typically be a dispute over infringement and/or validity. Indeed a normal procedure would be for the patent or design owner to start proceedings claiming infringement and for the infringer to deny this and also counter claim in his own right that the patent or design was invalid. It is however also possible, for example, for a concerned manufacturer or importer simply to seek a decision that a Patent or Design is invalid.

As will be appreciated, however, a dispute simply over a patent or design is relatively rare in practice. Often issues of Copyright infringement, Trade Mark infringement and ownership may also be part of a dispute between the parties. This does not matter since the PCC is competent to hear all such issues and any others which are associated with a Patent or Design issue.

IV. PROCEDURE FOR USING THE PCC

The overall procedure for using the PCC is not in theory very different from using the High Court. In practice however the procedures of the PCC are aimed at full disclosure and clarification of the issues earlier and in addition much shorter terms for dealing with preliminary steps are set out and followed. Whereas time periods before the High Court tend to be ignored by agreement between the parties, this is not possible before the PCC. As a result matters tend to become clarified quickly so that the parties are able to narrow down the actual issues in dispute quite early on and the whole procedure moves quickly. Indeed this clarification has been found to result in some early settlements with consequent time and cost savings for both parties.

Assuming one wants to start proceedings in the PCC claiming infringement of a patent one has to issue a summons and file this with a statement of case. The latter has to be a rather full and complete document, specifying in detail why particular claims of the patent are infringed rather than the more generalised pleadings used in the High Court.

The Defendant then has 42 days to file a similar full response to the statement of case and counterclaim of invalidity. Time is therefore short since searches and the like will probably be required to establish a case of invalidity. The defendant and his attorney will therefore be spending virtually the whole of that time preparing the defense to the claim for infringement and any counterclaim for patent invalidity. Again the statements filed with the defense and counterclaim must be full, and a mere allegation of invalidity in the light of a particular publication is not sufficient without a full explanation.

Assuming the defendant files a counterclaim that the patent is invalid, then the Plaintiff has only 28 days to file his defense to that counterclaim.

After that, the two parties have 14 days to file notices to admit facts, and to seek directions for the further proceedings of the action. Such directions will include giving details of the evidence which will be produced including details of the witnesses and details of experiments. Time is very short and so for the Plaintiff, who has the opportunity to start the action at his choice, it is a good idea to have a great deal of this prepared before starting the action at all. The PCC then settles and agrees these directions at a hearing with the parties and it can be expected that the PCC will have a fairly good understanding of the case and the issues and will indicate those which it feels are critical.

Tight time limits will be set in the directions for presentation of written witness statements, completion of experiments and the like and so again the time pressure will be on the parties.

After this the case will be heard as soon as a convenient date can be found and a hearing within a few months is likely.

In practice it is usual to achieve a hearing within 1 year to 1-1/2 years of starting the action, something which would be a record for a case heard in the High Court where the comparable time would be at least 2 years and 4 to 5 years is more likely.

Assuming a favorable outcome of the hearing for the Plaintiff, the PCC has power to order an injunction against further infringement and also other relief such as damages or an account of profits which are then assessed in the usual way in subsequent steps.

IV. THE CHOICE BETWEEN THE HIGH COURT AND THE PCC

Even if a patent dispute is initially started in the High Court, whether or not this was before PCC came into existence, it is possible on application

to the High Court to seek the transfer of the case to the PCC. The reverse is also true.

Amongst the factors which may influence litigants in their wish to transfer a case to the PCC or start a case in the PCC are:

A. Costs

The PCC route will almost always be significantly cheaper overall and for smaller companies this may well be a crucial factor. The converse is also true in that a larger company may feel that their resources over a smaller defendant will give them more chance of success in the High Court. Also in a case where the overall monetary damages may be modest the choice of the PCC may be a choice as between starting the action or not.

B. Time

The PCC will result in a quicker route to a decision than the High Court. Also the full range of relief is open in an action in the PCC and so interlocutory injunctions and even Anton Piller orders are possible. However, if relief is urgent, it may be possible via the PCC route to forgo the application for interlocutory relief and instead go rapidly towards the final hearing, with a consequent saving of costs, and probably not much lost time before an injunction is obtained, without the uncertainty and problems of obtaining an interlocutory injunction.

C. Complexity of Issues

It is arguable that where there are complex issues the High Court is a better route. Much does however depend upon the nature of the issues. The PCC has made it very clear that it has no problem with complex technical issues. Where a difference may need careful consideration is on the question of evidence. In the High Court there will be greater opportunity to explore issues during examination and cross-examination of witnesses. That is not to say this is not possible in the PCC but the procedures there are designed more for written proceedings with the minimum of oral evidence.

D. Familiarity of the UK Patent Attorney With the Issues

If one's UK Patent Attorney has handled the prosecution of the UK Patent he will already be familiar with the subject matter of the case and indeed may have already considered the question of infringement before grant. It therefore makes sense to ask him to control the action which he can do if it is started in, or transferred, to the PCC.

It is also relevant to consider the attitude which has been displayed by the High Court where a party has sought to transfer a case to the PCC. In general it has accepted the wishes of a party seeking transfer on the basis of reduced costs and increased speed in spite of objections by the other party. In particular where the party seeking transfer has made it clear that Patent Attorney's only will be involved it has accepted that this will definitely reduce costs and time and that that is in the interests of justice.

V. CONCLUSION

Even though the PCC is still young, it is clear that it is serving a useful purpose because it is already proving popular and it has already established for itself a reputation of "no-nonsense" with trivialities but of providing sensible reasonable decisions, and as a very cost effective way of obtaining a decision on patent disputes in the UK. This is expected to become even more important if the Community Patent System (the EEC or Common Market Patent) is brought into effect, since the PCC would then represent a very convenient route for obtaining a Community-wide resolution of a dispute.

Attorney Docket No. ITI-169

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant: KEVAN C. TAYLOR
Serial No.: 08/604,975
Filed: March 25, 1996
International Application No.: PCT/GB94/00995
International Filing Date: 9 May 1994
For: LINING OF PIPELINES OR
PASSAGEWAYS

DECLARATION OF WILLIAM A. MARTIN IN SUPPORT
OF RENEWED PETITION UNDER 37 C.F.R. § 1.47(b)

Assistant Commissioner for Patents
Box PCT
Washington, D.C. 20231

Attention: PCT Legal Office

S I R:

WILLIAM A. MARTIN, hereby declares as follows:

1. I am Senior Vice President, Chief Financial Officer and Assistant Secretary of Insituform Technologies, Inc. ("ITI") having its principal place of business at 702 Spirit 40 Park Drive, Chesterfield, Missouri 63005 and formerly at 1770 Kirby Parkway, Suite 300, Memphis, Tennessee 38138, the parent Insituform company. I submit this Declaration to show the corporate claim of title to the application in Insituform (Netherlands) B.V., the Rule 47(b) applicant, based on ownership by Insituform Technical Services Limited, Mr. Taylor's employee at the time of the invention.

2. I am also Treasurer and Secretary of INA Acquisition Corp. ("INAC") a wholly owned subsidiary of ITI which is a holding

company for many ITI foreign subsidiaries, including Insituform Technical Services Limited, Mr. Taylor's former employer, and Vice President, Treasurer and Secretary of Insituform (Netherlands) B.V., which holds intellectual property rights to the Insituform® Process in the United States .

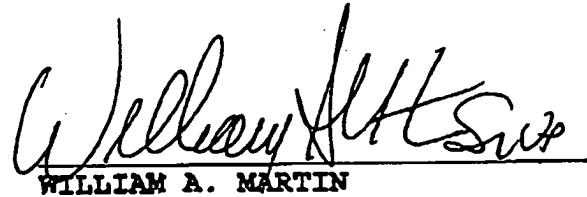
3. Insituform Technical Services Limited is a wholly owned subsidiary of Insituform Holdings (UK) Limited, formerly Insituform Technologies (UK) Limited, which in turn is a wholly owned subsidiary of INA Acquisition Corp. Insituform Technical Services Limited was the employer of Kevan Taylor when he invented the subject matter of this application as established in the Declaration of John Heavens dated 11 December 1996.

4. The ownership at the time of the invention by Insituform Technical Services Limited places ownership in Insituform (Netherlands) B.V., the Rule 47(b) Applicant. Insituform (Netherlands) B.V. is a wholly subsidiary of Insituform Licensees, B.V./S.A., which in turn is a wholly owned subsidiary of INA Acquisition Corp.

5. Insituform Technical Services Limited was, at the time of Mr. Taylor's employment in 1988, a subsidiary of Insituform Group Limited (IGL) where IGL was the ultimate corporate owner of all the intellectual and patent rights relating to the Insituform® Process. In 1992, INA Acquisition Corp., a wholly owned subsidiary of ITI acquired IGL pursuant to an Agreement between Insituform North

America, Inc. ("INA"), INA Acquisition Corp., and IGL. By change of name, INA became ITI, the ultimate corporate parent Insituform company. Insituform (Netherlands) B.V., the Rule 47(b) applicant is ultimately wholly owned by ITI, the parent Insituform Company.

6. I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements are made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.



WILLIAM A. MARTIN

Date: Chesterfield, Missouri
August 18, 1997